

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 97-839

February 26, 1998

BANGOR HYDRO-ELECTRIC COMPANY
Petition for Approvals Related to
Monetization of BHE's Power Sales
Contract with UNITIL Power

SUPPLEMENTAL ORDER

WELCH, Chairman; NUGENT and HUNT, Commissioners

This Supplemental Order authorizes Bangor Hydro-Electric Company (BHE or the Company) to use its existing power sales contract with UNITIL Power Corporation (UNITIL) as security for a debt financing and approves Stipulations 2 and 3 between the Company and the Public Advocate.

In our Order dated January 5, 1998 we approved: (1) a financing transaction of \$26.1 million between BHE and BankBoston, N.A. (BankBoston) pursuant to 35-A M.R.S.A. § 902; (2) the formation of a subsidiary, to be called Bangor Energy Resale, Inc., pursuant to 35-A M.R.S.A. § 708; (3) the assignment of the power sales agreement (between UNITIL and the Company) from BHE to its subsidiary, pursuant to 35-A M.R.S.A. § 707; and (4) the sale of power by BHE to its subsidiary to serve UNITIL under the assigned power sales agreement, pursuant to 35-A M.R.S.A. § 707. We agreed to waive any otherwise applicable requirements of 35-A M.R.S.A. § 3133-A, pursuant to 35-A M.R.S.A. § 3133-A(6).

Stipulation 2 between the Company and the Public Advocate addresses certain changes to the Company's agreement with Bangor Energy Resale, Inc. that were needed to incorporate changes required by the F.E.R.C. with respect to the charges for transmission and ancillary services. The parties agree that the consideration provided by Bangor Energy Resale, Inc. to the Company and the other terms and conditions of the transaction are reasonable. We approve this stipulation. These changes were necessary to comply with the F.E.R.C.'s requirements and are reasonable.

Stipulation 3 between the Company and the Public Advocate addresses three agreements between the Company and Bangor Energy Resale, Inc. These include: (1) a Management and Services Agreement, an Assignment Agreement, and a Security Agreement.

The Stipulation states that these agreements are reasonable and should be approved. We agree. These agreements are needed in order to effectuate the financing transaction, do not change the economics of the transaction, and are reasonable.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent
Hunt